

**Michigan City as a Rustbelt Town: Can the Creative Class Theory Work for the North  
End?**

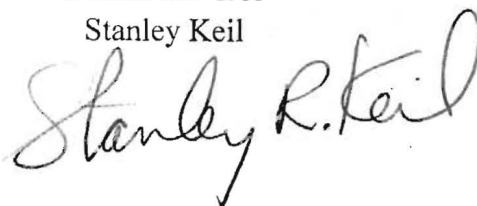
**An Honors Thesis (HONRS 499)**

**by**

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## Abstract

Rustbelt cities all across America have been left reeling after what is now being referred to by many as “The Great Recession”. Before the recession even began, though, the manufacturing industry had been moving towards automation and outsourcing, and many former industrial workers were left without jobs. Their respective communities are feeling the effects of that unemployment, and it shows. Economies of these small towns have moved away from being heavily industrialized and have become more geared towards the service industry. However, the residents who were once reliant on the manufacturing industry for employment are left without marketable skills, and do not know how to respond to the changing job market. The once bustling downtown areas of these communities are struggling, and becoming riddled with empty store fronts and for rent signs, further promoting the feeling of poverty and failure. How do the economies of these small rustbelt towns rebound from the various factors which have put their economies in this position? Could the strategic revitalization of the downtown, taken along with other factors, make a significant impact on the economic development and future of a typical rustbelt city? Is the arts district approach feasible? If it is feasible, to what degree does it result in a creative class economy? This thesis, through extensive research on the subject of economic development and with an emphasis on Richard Florida’s theory of the creative class, uses Michigan City, Indiana as a case study to find an answer to these questions.

## Acknowledgements

I would like to thank Dr. Stanley Keil for advising me through this project. His expertise in economic development and all that it entails helped to shape this project into what it ultimately became.

I would also like to thank Dr. Susan Clark Muntean, a professor who has had a very significant and positive impact on my academic and professional growth over the past two years. Her guidance and critique throughout this project has, once again, helped me to grow as a student and person.

## **Introduction**

The purpose of this thesis is to examine the effect that creative class led economic development can have on declining manufacturing towns by using Michigan City, Indiana as a case study. Michigan City is currently attempting to promote an arts district in their dying downtown, and this makes for a convenient and interesting case with which to consider Richard Florida's creative class theory in a Midwestern, rustbelt city. Northwest Indiana encompasses five counties: Lake, Porter, LaPorte, Newton, and Jasper. Michigan City is located in LaPorte County. Northwest Indiana is a region which is known for being home to a lot of industry, specifically the five major steel mills of Northwest Indiana. This industry attracted people to the area because it provided for relatively lucrative employment that required little or no education or skills. In this way, Michigan City was a typical rustbelt town, whose economy relied heavily on the income from the manufacturing jobs provided by the steel mills. However, as has been the case across the nation, many of these manufacturing jobs disappeared as automation become possible and more profitable for steel mill owners. Michigan City found itself in a situation similar to that of many rust belt towns: many citizens are unemployed and relatively uneducated, leaving them unable to find jobs that pay as well as the manufacturing jobs they once had. As a result, the entire city suffered economically, and empty storefronts began popping up all over the once thriving north end of town. City officials and citizens alike have wondered, what can be done to restore the city's economy?

In an effort to revitalize the north end, Michigan City has established an arts district, which is being referred to as "The Uptown Arts District". This effort has brought with it many galleries and other creative type businesses, such as artisan jewelry stores and a high-end consignment store. This poses the question: can the implementation and promotion of an arts district really have a positive and significant impact on the economy of a rustbelt town?

## **Richard Florida's Argument**

Richard Florida is an urban studies theorist, whose main focus is on social and economic theory. He is most well-known for his theory on the creative class and its impact on urban renewal. Florida has written five books on this topic, and these books have been the object of both great praise and significant criticism. One of his central ideas is that there is a strong correlation between a community's diversity and open-mindedness and its eventual success in recruiting valuable entrepreneurs, specifically those with high-technology business ideas. It is observed that companies will locate near the key resources which are necessary to their trade. For example, there are five steel mills along the coast of Lake Michigan in the 50 miles between Michigan City and Chicago alone. They needed the lake for power, and thus they located directly on it. The lake was the natural resource needed for their production. However, as Midwestern cities move away from the various industries which once drove their economies and into more people-driven economies, high-growth companies are now looking to locate near the talent pools which will provide them with valuable workers. Florida's theory argues that by pushing to become a place where talented people want to live, a city can attract a talent pool and by doing so can eventually attract companies who wish to employ those talented people.

So, who are these talented people and how can a community hope to attract them? Florida argues that there are three factors which add up to a highly diverse population and which, when considered altogether, also serve as an indicator of high-technology success. These factors are:

the presence of a large gay and lesbian population, a large population of “bohemians” or artist-type individuals, and a large concentration of foreign-born citizens. Taken together, Florida asserts that these factors lead to high-technology success in the 50 cities and metropolitan areas included in the study. To attract these individuals, a community must provide them with entertainment and opportunities for a high standard of living. It is unlikely that a significant pool of talented and creative individuals will locate in an area which offers them no opportunities for the type of lifestyle or entertainment they are seeking (Florida, 2001).

A company considers barriers to entry before locating in any particular place. If it is more expensive and difficult to operate a business in one region of the country than in any other, any smart business person would locate their business endeavor in the less expensive and difficult region. Florida’s theory hinges on the fact that places which are known for a particularly open-minded culture possess “low barriers to entry for human capital”. People want to live in these locations, and thus it is not difficult or expensive for a company to recruit skilled and educated employees if they locate the company strategically. For example, if a company locates in an undesirable area it may have to increase the salaries it offers to employees in order to get them to consider relocating to that area, and this would clearly hurt the company’s potential profitability. So, Florida reasons that by altering a community to be more conducive to a creative and diverse lifestyle, that community can be revitalized by ultimately attracting the employers needed to generate its new, employee-driven economy.

To sum it up, Florida asserts, “The basic message to city leaders and economic developers is clear. Talented people go to places that have thick labor markets, are open and tolerant, and offer a quality of life they desire. Places that attract people attract companies and generate new innovations, and this leads to a virtuous circle of economic growth. Cities must begin to combine their goal of providing a better business environment with strategies aimed at improving their diversity and tolerance” (Florida, 2001, pg. 7).

### **General Need for Empirical Evidence of Florida’s Theory**

A study which analyzes the regional distribution and economic effect of the creative class in 7 European countries (Boschma, Fritsch, 2009) finds that there are some issues in trying to define and measure the creative class. Florida’s creative class theory places emphasis on the worker’s profession rather than the industry in which he or she works. He asserts that the creative class is made up of those people who are engaged in creative and innovative jobs. ‘Creative’ and ‘innovative’ are both objective and vague words and, as such, it is difficult to identify those people who belong to the creative class and separate them from those who do not for the purpose of research. Florida’s findings have been criticized for this lack of specificity in the past. The above mentioned study attempted to do this by using Florida’s categories for the three components of the creative class: creative core, creative professionals, and bohemians, and then created a list of occupations that fit into each category and measured the amount of workers who belonged to this creative class in Europe. The study did find that the presence of a creative class tends to contribute to regional economic growth. Their results were mixed though, and the study could not completely discern whether it was actually the creativity or just the presence of generally higher education levels in this group of individuals that contributed to regional economic growth.



One conclusion of this study was clear: there is a need for further research in order to truly understand the relationship between the presence of a creative class and other effects on a community. Because the Florida theory concerns people rather than numbers, it is a difficult task to create concrete evidence of the theory's success or failure. Some economists write Florida's theories off entirely because of this "fuzziness" of data and ideas. Though some does exist, there is a need for more research and evidence on either side of the theory.

### **Michigan City as a Rustbelt Town**

According to Google's Dictionary, the rustbelt is defined as "Parts of the northeastern and Midwestern US that are characterized by declining industry, aging factories, and a falling population." There is much literature written on the rustbelt economy, and various and sometimes conflicting ideas about what should be done to fix the problems these areas are experiencing. Michigan City meets all of the factors of a rustbelt town as given by this particular definition. First of all, it is located in the Midwest and has five major steel mills within just 40 miles of the city. Whereas these five major steel mills along Lake Michigan's coast used to be the area's largest employer and the center of the economy, they now employ a relatively insignificant portion of the population. The steel mills themselves are aging, and their effect on the beauty of the lakeshore and the Indiana Dunes now bothers locals. In addition, Michigan City's population as of 2000 was 32,900 and had declined to 31,479 by the 2010 census. Though this may seem like an insignificant decrease, it actually accounts for 4.32% of the population lost in just ten years.

Enrico Moretti explains the past of the rustbelt city in *The New Geography of Jobs*, which came out in 2012. "The most dynamic areas in this country [in the aftermath of World War II] were manufacturing meccas like Detroit, Cleveland, Akron, Gary, and Pittsburgh. These cities were the envy of the world." Since then, though, the United States has lost an average of 372,000 manufacturing jobs every year since 1985 (Goodman, 2013). This statement, though it does not include Michigan City by name, carries some very important implications for the city. Gary is located just 30 miles from Michigan City, and is also where the bulk of the industry was found in the largest of the Northwest Indiana steel mills, U.S. Steel. According to an article about Gary titled, "Where Work Disappears and Dreams Die" by Don Terry, the five major steel mills used to employ a combined workforce of up to 100,000. Now, they employ just 20,000 and are producing just as much steel as they ever have. This occurred as a result of steel mill owners having to compete with lower cost foreign steel manufacturers. In order to be able to compete, American steel mills have installed automation processes that made it possible for just two workers to create the same output that a dozen men once could. As such, the employment pool shrunk, and many former steel mill workers were laid off in large and periodic waves over a period of 20 years.

In a lot of ways, Michigan City had the perfect setup for both economic stability and a strong tourism industry. The Indiana State Prison provides government jobs on the west side of town, while the beaches of Michigan City are free from a major manufacturing plant, rendering them a great resource for a strong tourism sector. Citizens could drive just 20-40 minutes to their various steel mill jobs, or they could take the South Shore train straight into Gary or East Chicago if they preferred that method of transportation. Citizens who worked at the mills were gainfully employed, making more money with less skills or education than they otherwise could have been doing. However, Michigan City did not actually have a big, ugly steel mill ruining the

coast and beaches. Michigan City was able to have its citizens employed without having to compromise their best asset, Lake Michigan and the beautiful Indiana Dunes. As such, they were able to capitalize both on the manufacturing industry and the tourism industry. Pictures of the aesthetically displeasing steel mills are found below. The general idea of these photographs is that all of these lakefront towns sacrificed their lakeshore for the opportunity to house these various steel mills. As a result, they have not traditionally been tourist sites, and their beaches are not frequently visited even by locals. This assertion is not necessarily to say that this was a bad decision, simply that it precludes these communities from capitalizing on the tourism industry as they otherwise might have.



The largest of the Northwest Indiana steel mills, U.S. Steel, is located in Gary, IN



Aerial view showing the pollution and general ugliness of the East Chicago, IN, steel mill



A winter photograph of the Portage, IN steel mill



The Burns Harbor Steel Mills with Lake Michigan in the background

Now, though, the reality is that it is unlikely that manufacturing jobs will ever reappear, even in marginal amounts. Many citizens of Michigan City and similar towns are left without options, because they relied on the steel mills and other manufacturing companies as a safety net. In the 1960's and 1970's, most teenagers in northwest Indiana would forego college and go to work at the mills after graduating from high school. When their jobs disappeared and they were laid off and never called back years later, they had no skills to qualify them for new jobs, and there weren't many other large employers in the area. A 2007 study by Andrews University School of Architecture explained the current state of Michigan City concisely, "The current condition of Michigan City is that of a relatively typical Midwestern post-industrial town.

Former industrial sites lay vacant or underutilized, while many of the central residential areas are economically struggling neighborhoods.” (Andrews University, 2007, pg. 6)

A county by county assessment of Indiana’s job losses (Devaraj, 2010} found that Lake County, home to both Gary and East Chicago, had experienced more job loss than any other county in Indiana in the manufacturing industry. Between 1973 and 2007, this county alone lost 67,558 jobs, or 71.57% of its former manufacturing workforce. LaPorte County, home to Michigan City, was also a top ten job loss county, ranking tenth in terms of manufacturing job loss. From 1973 to 2007, LaPorte County lost 7,995 manufacturing jobs, or 45.70% of its former manufacturing workforce. It is not surprising that these two counties made the list of top ten counties by manufacturing job loss, since northwest Indiana was particularly known for heavy industry when compared to the rest of the state.

While the above mentioned study also shows that some Indiana counties have experienced growth in the manufacturing industry and have even gained jobs, it is shown that these gains do not offset the losses of other counties. The trend that this study identifies is that Indiana is moving away from huge manufacturing employers and more towards smaller manufacturing employers that employ fewer people but which still add stability to the state’s economy. This study asserts the point: manufacturing has gone to the machines; rustbelt cities need to adapt in order to achieve economic stability.

To identify Michigan City as a rustbelt town one must look no further than the explanation offered by James J. Connolly in his chapter of the capacity of rustbelt towns. “Geographically, it refers to the band of states running from the Northeast into the Midwest that industrialized extensively during the nineteenth century but experienced a dramatic decline in manufacturing at the end of the twentieth century. The environment it summons to mind is more precise: crumbling city streets, empty factories, abandoned homes, blighted neighborhoods, and desolate downtowns.” (Connolly, 2010, pg. 1) Certainly, these effects are felt more immediately in Gary, Indiana, but they are not entirely alien to Michigan City either.

### **Michigan City- Factors Playing to its Advantage**

There are some factors which set Michigan City apart from the “typical” rustbelt town, though. Michigan City is situated in a unique location which affords it many opportunities that are not necessarily available to many otherwise similar towns. Some of these factors are discussed in detail below.

#### *Beaches, Harbor, and Lighthouse*

Michigan City is a town of 31,479 people located in Northwest Indiana. It can be found right on the southern shores of Lake Michigan and just a 50 mile drive from downtown Chicago. Michigan City has many advantages which make it an attractive tourist location. For one, Michigan City boasts miles of sandy beaches along Lake Michigan. The lighthouse is also a place of interest, and tourists frequent the pier leading up to it. Some pictures of the lighthouse and beaches are on the following page.





A scenic lighthouse sunset. In the background, the break wall can be seen. This wall limits currents within the harbor and channel.



An aerial view of the lighthouse, with the bustling harbor in the background



Michigan City's public beach, with the lighthouse and pier in the distance. On weekends, the beach often gets far more crowded than this picture indicates.

The harbor is frequented by Chicago natives, and many of the boats are those of Illinois' residents. While many of Michigan City's districts can be called "under used" the harbor rarely has a vacant slip. On holidays and weekends, the public beach is generally very crowded, and each car is charged \$5 to park (unless the car is registered in Michigan City, in which case the citizen is given a sticker to get in free all season). The \$5 fee brings a substantial amount of money into the city every summer. The private beaches of Michigan City are not actually private but just do not provide a parking lot or lifeguards. The beaches and the lighthouse are quite possibly the most visited tourist sites Michigan City has to offer, and are considered by town hall to be Michigan City's "crown jewel".

### *South Shore Train*

Another factor which plays to Michigan City's advantage is the existence of convenient transportation. Neighborhoods which do not require driving are becoming much more popular, especially with the creative population Florida has defined. Michigan City boasts two stops along the South Shore Train, which runs all the way from South Bend to downtown Chicago. A dozen trains come into the city every day. The South Shore brings in shoppers who are eager to spend the day at the outlet mall as well as tourists who plan to spend the weekend in town enjoying either the beaches or the casino. From South Bend to Chicago, people commute daily to their jobs using the train as a way to save on gas. As the study by Andrews University puts it, the South Shore makes Michigan City "walking distance" from Chicago, because you do not need a car to get there.

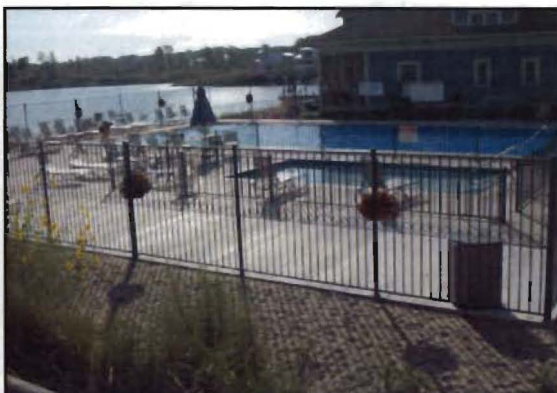
### *Beach Lodging for Tourists*

There is no lack of lodging for tourists looking to spend some time near the beach, either. A simple craigslist search or look through the local newspaper's classifieds will lead to loads of ads promoting private weekly beach rentals. In addition, a beautiful rental community was founded in an old sand quarry right along Lake Shore Drive. Once upon a time, this sand was shipped to GM and Chrysler to create casting molds for engine blocks. According to Beachwalk's own website, founder Tom Moss saw an opportunity for a tourism housing site as the mining process of the sand ended. An interior swimming lake was dug, and Beachwalk began

construction. By 2007, 130 homes existed in the Beachwalk community, and a boardwalk had been constructed from Lake Shore Drive directly to the beach to make walking easier for families. This neighborhood contains homes that can sleep groups of up to 20, making it a great option for family reunions and tourist groups alike. In addition, Beachwalk is a popular location for destination weddings, which brings in even larger groups. The bulk of tourists who frequent Beachwalk are Chicago residents and the community itself has been recognized by many magazines. Below are some pictures of the Beachwalk Community.



An aerial view of the Beachwalk Community which showcases the brightly colored vacation homes. In the background is Lake Kai, a manmade lake used for swimming and kayaking.



Beachwalk's popular pool. Though it is located just a short walk from the beach, the pool provides convenient fun for vacationing families, with the safety of a lifeguard.

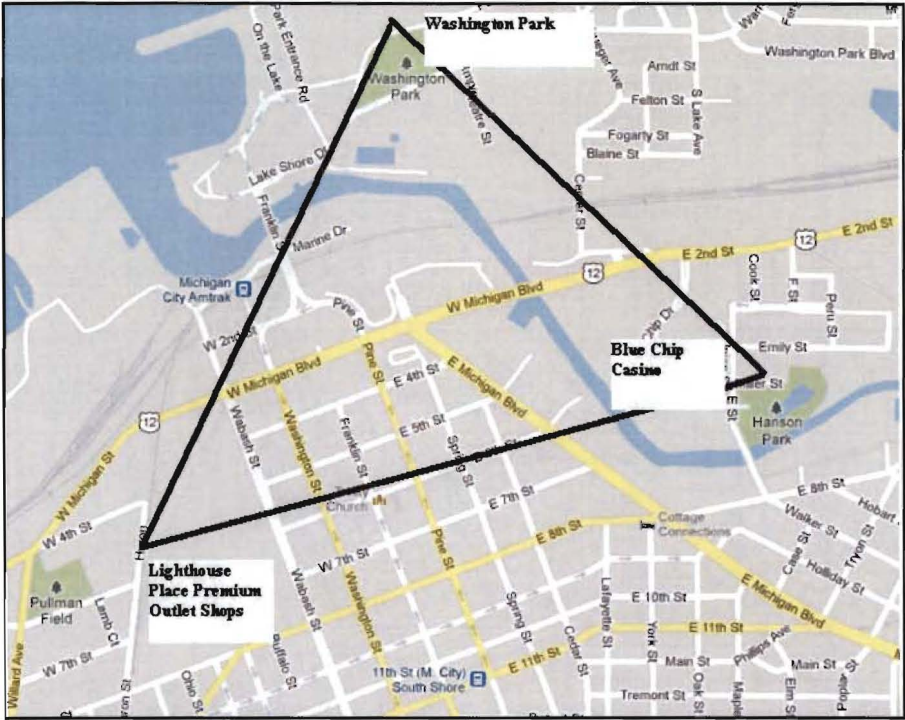
On the left is an aerial photograph which showcases the brightly colored blend of houses in Beachwalk. On the right is the pool, with the interior man-made lake in the background. Beachwalk is an asset to Michigan City in that it capitalizes on the beach and brings in tourists who inevitably spend money in other parts of town.

### *Golden Triangle*

Though the beaches are probably Michigan City's most important claim to fame, a study executed by Andrews University School of Architecture in 2007 identifies Michigan City's "Golden Triangle" of the north end. This refers to three separate attraction sites which bring in vast numbers of visitors each year, especially in the summer months. The first of these is the outlet mall, called Lighthouse Place Premium Outlets. The outlet mall brings in bargain shoppers from all over. The second attraction is Washington Park, which is the public beach and the home to Michigan City's marina. Though the parking lot is large, it is difficult to find an open spot on weekends in the summer, and this indicates just how popular Washington Park is with both locals and visitors. The third "corner" of this golden triangle is the riverboat, Blue Chip Casino, which is located right on the creek that feeds into the marina. Taken together, these three attractions bring in an average of 6 million tourists annually. This triangle certainly poises Michigan City to capitalize on the presence of tourists by attempting to get them to visit the north end business district. However, the sad truth is that the businesses along the main street of the north end do not experience a substantial level of incidental business as a result of the presence of these tourists (Andrews University, 2007). This issue is probably the result of two factors: bad marketing and confusing city planning. The main street of the north end is literally



right between the three points of this tourism triangle, so it is unusual that visitors are not exploring it. It is likely that many visitors do not know of the businesses in this area due to bad marketing, and that they are unlikely to find out because of the many one-way streets in the area of the north end. An aerial view of what is meant by “the golden triangle” is shown below.



*Convenient Options for Higher Education*

Many studies have identified a need for cities and states to place an emphasis on higher education. This will result in a workforce with more skills to match the needs of today’s employers. Ultimately, this brings more money into a community and a sort of trickle-down effect is seen. Michael Hicks, Center for Business and Economic Research and an Economics professor at Ball State University, addresses the importance of higher education in an article entitled “Labor Markets after the Great Recession: Unemployment and Policy for Indiana”. This article asserts the attractiveness of education by explaining that it makes a person more valuable to employers. Basically, a person with higher education and skills also achieves a higher level of human capital, which results in higher wages and a lower chance of unemployment.

Michigan City has an advantage in education, because there are many options for higher education in the area immediately surrounding Michigan City. Purdue North Central is located just past the southern border of Michigan City in Westville, Indiana. Indiana University has satellite schools in South Bend, just 35 minutes from Michigan City and in Gary, just 30 minutes from Michigan City. Purdue also has a location in Hammond, which is 40 minutes from Michigan City. Valparaiso University and Notre Dame are particularly elite schools, both of which are located just 30-40 minutes from Michigan City. In addition, there are two community colleges located in Michigan City: Ivy Tech and Brown Mackie. This availability of higher education works in favor of Michigan City because it allows citizens the option to conveniently get an education without having to move or commute especially far. People will then be more

desirable to employers and, hopefully, employers will choose Michigan City as the location for their business. Whether or not this has been observed in Michigan City is unclear, as Indiana loses many of its college graduates to other states (Hicks, 2013). It is difficult to say whether a significant number of those people who are getting degrees from these conveniently located universities are choosing to stay in the area.

Ultimately, Michigan City benefits from many factors which set it apart from being just a typical rustbelt town. Though its economy has suffered in the same way as other rustbelt town's economies have, Michigan City has assets related to its lakeshore, proximity to Chicago and South Bend, and the Indiana Dunes State Park. All of these factors, combined with a variety of convenient options for higher education, do poise Michigan City to better benefit economically from the creative class theory and the implementation of the new arts district. The important concession here is that, while Michigan City is a useful case to consider when studying the economic effect of creative class led development to a rustbelt town, it is true that there are a handful of factors and circumstances which set Michigan City apart from other rustbelt cities, making it a unique case.

### **The Importance of Entrepreneurship to Economic Growth**

Entrepreneurs are of vital importance to the economic growth of any city. Entrepreneurship can be defined basically as the starting of a new firm of any kind. The perceived importance of entrepreneurship can be seen in more than just employment levels. More and more, communities are striving to create a plan that encourages and incentivizes entrepreneurship. For example, Michigan City encourages entrepreneurship in at least two ways. For one, they opened the Michigan City Entrepreneur Center in 2008, and its purpose was to provide cheap and convenient office space for start-up businesses while also holding training sessions and seminars which were aimed at giving current business owners the skills necessary to succeed in the local market. It was unfortunately closed in 2011 due to financial problems. Still, the short existence of the center shows the emphasis the city places on entrepreneurship and helping small businesses to thrive. Another way that Michigan City incentivizes entrepreneurship is by providing economic incentives for businesses that locate in certain districts of town, including the north end area.

“Some entrepreneurs start firms to help them capture a certain quality of life. Many times, these smaller businesses radiate a quaint charm that attracts people to America's Main Streets. Other entrepreneurs start firms that will become high-growth businesses. While many new firms fail, those that succeed often add jobs, lift incomes, and generate new wealth in a community” (Henderson, 2002, pg. 46-47). There are different types of entrepreneurs, and they contribute different types and different levels of value to a community. It is important to note the distinction between these types of entrepreneurs. A lifestyle entrepreneur's business may not employ many people, and it may not contribute as much wealth as a high-growth business endeavor would, but it still adds value to the community. For one, it could contribute to tourism and bring wealth to more shops and businesses in that way. More importantly though, an area filled with quaint little restaurants and bohemian coffee shops, both of which would be considered lifestyle businesses, might attract a diverse, skilled population. As a result, a high-growth business might choose to locate in that area because that is where the talented employee pool is located. This is exactly what Richard Florida suggests: by making a creative environment

(and that includes some lifestyle businesses), a city may be able to lure high-growth entrepreneurs to their area in the long run.

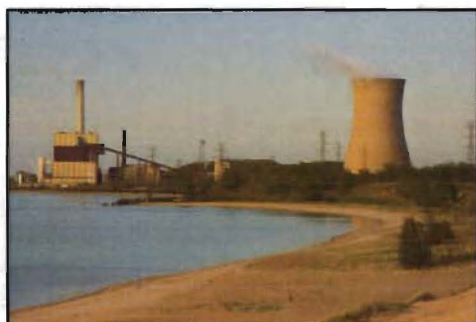
Michigan City's new plan for the north end may be able to achieve this end. It could be argued that the new retail boutique "Darling" which just located downtown is a lifestyle business, and thus it does not contribute much wealth or value to the economy. It certainly would not be considered a high-growth business. However, it gives a quaint charm to the area which impacts both the tourism industry and people's general feel about the area. If more boutiques such as Darling were to enter the north end's market, along with the right mix of other businesses, it could very well have the effect that Florida preaches of. It may attract a mix of people to the area who would consequently attract the high-growth businesses who want to employ them. However, this requires having somewhere for these people to relocate to which is near the north end. The importance of a neighborhood to the success of a downtown will be discussed in detail later.

### **The North End of Michigan City**

Michigan City's north end should be the crest of the community, as it once was. It is the closest part of town to the beautiful beaches, and is also the ending point for highway 421, which runs for 941 miles all the way from North Carolina. Highway 421 connects Michigan City to Indianapolis, providing for a direct route to Lake Michigan and the shops leading up to it. This sets Michigan City up to have successful business along that route, since it is an easy and convenient way to the lake. However, this has certainly not been the case in recent years. Even with all of the attributes Michigan City possesses, the retail businesses of the downtown area have struggled to survive against larger malls and big, chain stores on the south end of town. Many store fronts have been sitting empty for years, and those stores that have been able to survive are generally not well-maintained. Years ago, this was a thriving part of town which housed the local movie theatre, a multitude of shops, and many cute restaurants, ice cream parlors, and coffee shops. Conversely, until very recently, only one restaurant remained in the downtown area.

There are probably several factors playing into the recent lack of success in the north end. In the 1920's, one of Michigan City's most popular attractions was the Hoosier Slide, a 200 foot sand dune. It was mined for glass by the Ball Corporation, and then sold to Northern Indiana Public Service Company (NIPSCO). In 1970, they began construction, right where the dune had been and was now mostly gone due to sand mining, on a coal and natural gas fired power plant. It located right on the shore of Lake Michigan in Michigan City's north end. Because the power plant heats the water around it, species that were meant to die off in the winter were surviving in that area, and it was throwing off the ecosystem of the lake. To right this issue, NIPSCO was required to build a cooling tower, which unfortunately bears a strong resemblance to a nuclear power plant. This can be seen from any point on the lake, beach, and especially from the popular outlet mall. It is truly an eyesore, and certainly turns off some tourists to the area as they do not know the true origin of the tower. Though there is just steam coming out of the top, it does resemble pollution. As a matter of fact, the tower can be found online in galleries alongside nuclear towers, which makes it clear that people passing through town are certainly making untrue assumptions about the ugly NIPSCO power plant. Luckily, it is across the channel from the more popular beaches, and does not seem to scare all tourists off. Some pictures of NIPSCO are on the following page.

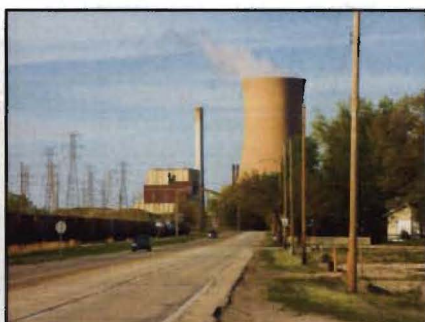




NIPSCO as seen from Mount Baldy, a particularly popular dune in the Indiana Dunes State Park



NIPSCO as seen from the outlet mall; it can be seen from anywhere in the mall



NIPSCO from U.S. 12, which brings visitors in from Chicago and Michigan.

People passing through town are greeted by the ugly tower, and are definitely getting the wrong idea about its uses. This has a negative impact on the city's aesthetics. Richard Florida has a theory on the effect that a community's aesthetics have on the overall community satisfaction of people. In a 2009 study, Florida, Mellander, and Stolarick attempt to define the factors that contribute to overall satisfaction with a community. They hypothesize that beauty and aesthetics play a large role. Their findings were that, of the factors considered, beauty and aesthetics ranked second as the most important factor in determining community satisfaction. It was behind only economic security. So, the economic theory that people "vote with their feet" by moving to locations which allow them to maximize their utility holds true. Alongside it, though, beauty and aesthetics do have a role in where people locate and how satisfied they are with their community. Considering the findings of this study, NIPSCO puts Michigan City at a disadvantage, and may hinder their future hope of recruiting creative and talented people as these people are likely to want to locate in a beautiful place. Luckily for Michigan City, it has many other beautiful things to offer if people are willing to look past the power plant. (Florida, Mellander, Stolarick, 2009)

Michigan City's own residents have recently voiced their opinions about this eyesore as well, adding credibility to the above theory. A recent News Dispatch article written by reporter Kelly Smith documents the happenings of a recent meeting between the League of Women Voters and Michigan City's Planning Director Craig Phillips. One woman asked what could be done to remove or mask the cooling tower. Philips responded that removing it is essentially impossible, but that its appearance could be changed by either installing a thermometer or perhaps playing a lights show against the tower, which apparently was done in the 1980's. Though it does not seem that much can be done about the tower, it is evident that residents recognize its damaging effects on the community's aesthetic. (Smith, 2013)

An effort is being made to transform the north end business district into a creative center of town, and art galleries are popping up all over the north end. These galleries are accompanied by new chic boutiques selling creative and cute products such as hand-made artisan jewelry and beach-themed home décor. Collectively, this effort is being referred to as the Uptown Arts District, and it is beginning to catch on. So, can this effort to foster a creative culture in Michigan City succeed in making any impact on the economy of the small rustbelt town? Can Florida's creative class theory apply here? And if so, what factors will help this effort to succeed?

**The Uptown Arts District Effort: What is being done?**

There is a lot being done to create and foster a creative economy on the north end of town. For one, two arts galleries have been opened in the past year: Prince Gallery and the Southern Shore Art Association. In addition, an artisan and beach themed jewelry shop called Beach Bum Jewels opened about a year ago. Beach Bum Jewels uses beach glass from Lake Michigan in many of its designs. All of these creative businesses came as an addition to the already existing Lubeznik Center for the Arts which opened in 2003. It has a very prominent location in town, right before the bridge that leads to the lake. It is also a walking distance away from the new shops that have been added to the North End. To capitalize on this, the Uptown Arts District formed an Art Walk, which takes place on the first Friday of every month. Residents can join the walk and go from gallery to gallery for free, and are usually provided appetizers and refreshments. First Friday offers more than just the Art Walk, too. Restaurants on the North End offer free samples and drink specials, and free music in the form of local musicians is usually provided in a designated location.



The outside of the Lubeznik Center for the Arts



An example of some of the artisan style jewelry featured in Beach Bum Jewels



An exhibit in the Southern Shores Art Association gallery



Maxine's Restaurant: a fine dining experience with quaint decor

A photo of Maxine's is featured above. When the weather allows, customers with small parties have the option to sit outside. A good urban plan promotes outdoor dining (Andrews University, 2007). These businesses all contribute to the feeling of growing success and creativity that is being fostered in the north end area. Events are taking place often to get residents and visitors alike to visit the shops, galleries, and restaurants downtown.



## The Need for a Neighborhood on the North End

“The basic building block of a community is the neighborhood.” (Andrews University, 2007, pg. 8). There is a need for a neighborhood on the north end for many reasons. Economically speaking, it is extremely difficult for some businesses to make it through the winter, since there is such an influx of people in Michigan City in the summer months. The north end lies all but abandoned in the months between September and May, and this may be the result of the lack of a functioning neighborhood. As the Andrews University study phrases it “Sustainable places and towns worth loving cannot simply be tourist attractions... This is where the North End’s potential lays - a truly livable town center on Lake Michigan and a destination for visitors who may just want to stay”.

The Uptown Arts District is attempting to achieve just this end. They recently applied to the state of Indiana to be granted funds to rehabilitate the Warren building, which is shown below. This development project is being referred to as “Artspace”, because it would provide space for residents to truly be immersed in the new arts district which is blossoming downtown. The Warren building is a six-story historic building which is also the largest vacant building in the downtown area. The project with hopes to rehabilitate this building would turn it into “urban chic” apartments that resemble an artist’s loft. There would be 44 affordable apartments, and a arts studio and commercial space in the proposed lobby of the building. The rehabilitation of this building in order to develop a neighborhood downtown is at the very center of the Uptown Arts District’s goals. However, at the end of February Artspace was denied the tax credits needed to make it a possibility. The Uptown Arts District believes that, if approved, Artspace would be a \$10.4 million economic “shot in the arm” for the Uptown Arts District and the city as a whole. Michigan City will apply again for funding in 2014, and hopes to be chosen.



The Warren Building: the proposed home to Artspace, a 44 unit apartment building on the North End.

## So, Can the North End make an Economic Impact?

Pittsburgh, Pennsylvania is a city that once relied heavily on its steel industry, until automation and outsourcing left Pittsburgh in a lurch, economically speaking. (Goodman 2013).

The city's economic future was threatened, and it seemed unclear whether or not the city could rebound. However, as Goodman put it, "Pittsburgh bucks the trend of failing Rust Belt cities. This city in western Pennsylvania has become a paradigm for the post-manufacturing economy". How did Pittsburgh accomplish this? Goodman's article asserts that Pittsburgh focused on a new economy based on technology and research in order to recover from the damage of the dying steel industry. Pittsburgh has placed a heavy emphasis on the arts and other creative endeavors since its transformation to a more creative economy. According to the website of the Pittsburgh Cultural Trust, "The Pittsburgh Cultural Trust has transformed a downtrodden section of Downtown into a world-class Cultural District that stands as a national model of urban revitalization through the arts... Hundreds of artists, thousands of students, and millions of people expand their horizons in our theaters, galleries, and public art environments".

If Florida's theory applies here, then the introduction and promotion of the cultural community in Pittsburgh has contributed in at least some capacity to the city's ability to survive the economic downturn and loss of industry. Can Michigan City hope to replicate this result on a smaller scale? Granted, Pittsburgh is a much larger city (population of 307,484 to Michigan City's 31,452) and has more financial resources available to it, but both cities suffer from the loss of jobs from the steel industry. Pittsburgh also has attractions that Michigan City does not, such as the Steeler's football team and stadium and a much larger downtown. However, Michigan City has some smaller scale attractions of its own, including Lake Michigan, the Indiana Dunes State Park, the outlet mall, and Blue Chip Casino, to name a few. Though there is a big difference in size, both cities have some unique attributes which magnify their hopes of recovering from the rustbelt trap. There are certainly some parallels between Michigan City and Pittsburgh, and so there is no reason that Michigan City should not be able to gain a proportionate amount of economic development from the promotion of their own arts district.

In short: this research points to the conclusion that the Uptown Arts District in Michigan City's north end can have a significant and positive economic impact on the city. While larger cities are able to repurpose themselves more easily because of a wider variety of resources, it is considerably more difficult for small cities to do so. One factor contributing to this difficulty is that it is difficult for a small town to find it feasible to invest in projects that could ultimately stabilize the economy, because these projects sometimes require a substantial investment. "Convincing a blue-collar town to invest in parks, preserve historic buildings, revive downtowns as an upscale shopping district, foster cultural diversity, or fund new school construction is difficult in the best of times," (Connolly, 2010, pg. 11). Connolly alludes to the fact that these very measures are things which can indicate long term economic development.

Michigan City is ahead of the pack with consideration to the measures Connolly mentions. For one, Michigan City has identified the importance of rehabilitating and repurposing old historic buildings. There are examples of this all over the city. The application for Artspace is one example, while the beautiful Barker Mansion (an 1800's mansion once owned by a rich resident which has been donated to the town and maintained as a museum) is another example. The outlet mall was built on the site of the former Railroad Car Yard, and one building was repurposed into a food court for years until it was finally torn down. All of these examples of repurposing older buildings are located on the north end of town. Overall, it is safe to say that Michigan City has been resourceful in at least one way. Michigan City is also home to the oldest remaining lighthouse in Indiana. And though it is no longer the operating lighthouse, it is

maintained as a museum and once a summer a replica of Christopher Columbus' ship the Nina is docked there to be visited for a fee. Michigan City has also made the revitalization of the downtown area a priority in recent years, and they have done this chiefly by fostering cultural diversity.

Another important factor to economic development is the acceptance that the economy has shifted; cities must be willing to create and nurture a service driven economy to remain stable. Connolly describes this as need, "...manufacturing will no longer be the engine of prosperity that it was for the better part of a century. Only when and if residents recognize that fact, and acknowledge that they will be different kinds of places, are they likely to thrive again," (Connolly, 2010, pg. 15-16). In at least part, Michigan City has realized this and is attempting to recover as a different kind of economy. Blue Chip Casino is a huge employer for the city, and that is a service industry. The emphasis on arts in the downtown also shows that Michigan City acknowledges the need to become a leisure economy that relies at least partially on tourism.

This brings to light another of Connolly's points: a community can only succeed by identifying and building off of its assets, to the extent that it has any. While it is far from perfect, Michigan City has no shortage of assets, and it should continue to capitalize on these assets to make the newly revitalized north end a success.



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